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Attorneys for Paul Joe

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF OREGON

In re:	)	Case No. 12-36345-elp11
	)	
Paul, Joe	)	<u>FIRST AMENDED</u> DISCLOSURE
	)	STATEMENT CONCERNING
Debtor.	)	DEBTOR'S PLAN OF
	)	REORGANIZATION (Dated <del>November</del>
	)	<del>30, 2012</del> <u>February 11, 2013</u> )
	)	

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**THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. IF YOU HAVE REQUESTED AND RECEIVED A COPY OF THIS DISCLOSURE STATEMENT IN CONNECTION WITH THE COURT'S HEARING TO CONSIDER APPROVAL OF THE DISCLOSURE STATEMENT, NOTHING CONTAINED HEREIN IS OR SHALL BE DEEMED A SOLICITATION OF ACCEPTANCE OF THE PLAN OF REORGANIZATION.**

TABLE OF CONTENTS

I. INTRODUCTION AND STATEMENTS REGARDING REPRESENTATIONS .....	1
A. Introduction .....	1
B. The Debtor's Real Property Interests .....	1
C. Definitions and Plan Supremacy.....	1
D. Summary of Key Features of the Plan .....	1
E. Limited Representations.....	<del>3</del> <u>4</u>
F. Voting .....	5
G. Plan Summary .....	6
II. FUNDING SOURCES FOR THE PLAN.....	8
III. FACTORS LEADING TO CHAPTER 11 FILING, AND DEBTOR'S ASSETS AND LIABILITIES	<del>8</del> <u>9</u>
A. Factors Leading to Chapter 11 Filing .....	<del>8</del> <u>9</u>
IV. DESCRIPTION OF THE PLAN .....	9
A. Classification And Treatment Of Claims Under The Plan .....	<del>9</del> <u>10</u>
1. .... Claim Amounts	<del>9</del> <u>10</u>
2. .... Effective Date of the Plan	10
3. .... Classification Generally	10
4. .... Treatment of Claims	<del>10</del> <u>11</u>
B. Executory Contracts and Unexpired Leases to be Assumed if not Rejected.....	<del>10</del> <u>11</u>
Rejected.....	10

1	1. ....	Assumption of the Lease	
2	11		
3	C. Objections to Claims.....		11
4	D. Administrative Claims Bar Date .....		12
5	E. Discharge .....		12
6	F. Vesting of Property .....		<del>12</del> <u>13</u>
7	<del>G. Exculpation And Limitation Of Liability.....</del>		<del>13</del>
8	H. Reservation of Rights .....		13
9	V. FEDERAL TAX CONSEQUENCES.....		<del>14</del> <u>13</u>
10	VI. ACCEPTANCE AND CONFIRMATION .....		14
11	A. Voting Procedures .....		14
12	1. ....	Generally	
13	14		
14	2. ....	Incomplete Ballots	
15	<del>15</del> <u>14</u>		
16	3. ....	Withdrawal Of Ballots; Revocation	
17	15		
18	4. ....	Submission Of Ballots	
19	15		
20	5. ....	Confirmation Hearing and Plan Objection Deadline	
21	16		
22	6. ....	Feasibility <u>and Risks</u>	
23	16		
24	A. Best Interests Of Creditors.....		17
25	B. Confirmation Over Dissenting Class .....		17
26			

1	1. ....	No Unfair Discrimination
2	<del>47</del> <u>18</u>	
3	2. ....	Fair and Equitable Test
4	<del>47</del> <u>18</u>	
5	(a) Secured Creditors .....	<del>47</del> <u>18</u>
6	(b) Unsecured Creditors .....	<del>48</del> <u>19</u>
7	VII. ALTERNATIVES TO THE PLAN .....	19
8	VIII. CONCLUSION .....	<del>19</del> <u>20</u>

9  
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11  
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Paul Joe, the Debtor and Debtor-in-Possession in the above-captioned Chapter 11 Case (the "Debtor"), has prepared this First Amended Disclosure Statement in connection with the solicitation of acceptances of the Debtor's First Amended Plan of Reorganization dated ~~November 30, 2012~~February 11, 2013 (the "Plan"). A copy of the Plan accompanies this Disclosure Statement.

I. INTRODUCTION AND STATEMENTS REGARDING REPRESENTATIONS.

A. Introduction.

On August 17, 2012 (the "Petition Date"), the Debtor commenced this Chapter 11 reorganization case ("Case") by filing a voluntary petition under Chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code"). Since the Petition Date the Debtor has remained a debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

B. The Debtor's Real Property Interests.

The Debtor owns the real property and improvements located at 58209 Columbia River Hwy, St. Helens, OR, known as Bing's Restaurant.

C. Definitions and Plan Supremacy.

All terms defined in the Plan will have the same meanings when used in this Disclosure Statement. Terms defined in this Disclosure Statement which are also defined in the Plan are solely for convenience and the Debtor does not intend to change the definitions of those terms from the Plan. Furthermore, in the event of any inconsistency between the Plan and this Disclosure Statement, the Plan will control. The Exhibit attached to this Disclosure Statement is incorporated into and is a part of this Disclosure Statement.

D. Summary of Key Features of the Plan.

The following is a brief summary of the key features of the Plan:

- 1 (i) The Debtor will restructure the promissory note held by his secured  
2 lender, Hampton Heights, L.L.C., and secured by the Real Property, as  
3 follows: the Reorganized Debtor will execute and deliver a new a  
4 promissory note in the original principal amount of \$1,203,583.31 (the  
5 "Reorganization Note") payable on the terms set forth below and secured  
6 by a lien and security interest in all real and personal property that  
7 secured the Note, with the same priority Hampton Heights, L.L.C.'s liens  
8 and security interests had as of the Petition Date. The Reorganization  
9 Note will accrue interest at the rate of 4.50% per annum and will be paid  
10 as follows: (1) 120 equal monthly installments of principal and interest  
11 based on a 30-year amortization schedule; and (2) a balloon payment of  
12 all remaining principal and interest at the end of 10 years; provided,  
13 however, that the Reorganized Debtor may prepay all or some portion of  
14 the Reorganization Note at any time without prepayment penalty.
- 15 (ii) All other holders of allowed claims will be paid in full, in cash, as follows:
- 16 ○ Holders of Allowed Non-Tax Priority Claims will receive  
17 payment from Reorganized Debtor of the full amount of their  
18 Allowed Claims on or as soon as reasonably practicable  
19 following the Effective Date, or, if later, the Allowance Date.
  - 20 ○ Holders of Allowed General Unsecured Claims will receive  
21 payment in full, in 60 equal monthly installments, plus interest  
22 at a rate of 3.50% per annum, with such payments to  
23 commence within 30 days following the Effective Date.
  - 24 ○ The Debtor does not believe there are any holders of Property  
25 Tax Secured Claims. To the extent there are, each creditor  
26 holding an Allowed Property Tax Secured Claim will receive

1 payment in full, in 24 equal monthly installments, plus interest  
2 at the applicable statutory rate, with such payments to  
3 commence within 30 days following the Effective Date.

- 4 ○ The holder of the City of St. Helens Secured Claim will receive  
5 no distribution under the Plan. The claim will continue to be  
6 secured by a lien in all real and personal property that secured the  
7 lien as of the Petition Date, with the same priority such liens had as  
8 of the Petition Date. This claim will be paid by Bing's  
9 Restaurant on terms agreed to between the City of St. Helens  
10 and Bing's Restaurant; however, the Debtor will remain liable  
11 for any amounts due to the holder of the City of St. Helens  
12 Secured Claim to the extent such payments are not made by  
13 Bing's Restaurant and the Debtor's obligation to the City of St.  
14 Helens will not be discharged until the City of St. Helens  
15 Secured Claim has been paid in full.

- 16 ○ The creditor holding the One Main Financial Secured Claim  
17 will retain its security interest in the 1994 Lexus ES300 and  
18 will receive payments consistent with the Debtor's contractual  
19 payment obligations in connection therewith.

- 20 ○ The holder the Payroll Tax Secured Claim will receive no  
21 distribution under the Plan. However, the Debtor will remain  
22 liable for any amounts due to the holder of the Payroll Tax  
23 Secured Claim to the extent such payments are not made by  
24 Bing's Restaurant.



1 E. Limited Representations.

2 This Disclosure Statement is submitted in accordance with Section 1125 of the  
3 Bankruptcy Code for the purpose of soliciting acceptances of the Plan from holders of  
4 certain Claims. The Court has approved this Disclosure Statement as containing  
5 information of a kind, and in sufficient detail, which is adequate to enable you to make  
6 an informed judgment whether to vote to accept or reject the Plan.

7 THIS DISCLOSURE STATEMENT IS NOT THE PLAN. THIS  
8 DISCLOSURE STATEMENT, TOGETHER WITH THE PLAN WHICH  
9 ACCOMPANIES THIS DISCLOSURE STATEMENT, SHOULD BE READ  
10 COMPLETELY. FOR THE CONVENIENCE OF CREDITORS, THE PLAN  
11 IS SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL  
12 SUMMARIES AND OTHER STATEMENTS REGARDING THE PLAN  
13 ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN ITSELF, WHICH  
14 IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCY.

15 NO REPRESENTATIONS OR ASSURANCES CONCERNING THE  
16 DEBTOR, INCLUDING, WITHOUT LIMITATION, ITS OPERATIONS, THE  
17 VALUE OF ITS ASSETS, OR THE FUTURE OPERATIONS OF THE  
18 REORGANIZED DEBTOR ARE AUTHORIZED BY THE DEBTOR  
19 OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

20 THIS IS A SOLICITATION BY THE DEBTOR ONLY AND IT IS NOT A  
21 SOLICITATION BY THE DEBTOR'S ATTORNEYS OR ANY OTHER  
22 PROFESSIONALS EMPLOYED BY THE DEBTOR. THE  
23 REPRESENTATIONS MADE HEREIN ARE THOSE OF THE DEBTOR  
24 AND NOT OF THE DEBTOR'S ATTORNEYS OR ANY OTHER  
25 PROFESSIONAL.

26 UNLESS OTHERWISE EXPRESSLY STATED, PORTIONS OF THIS  
DISCLOSURE STATEMENT DESCRIBING THE DEBTOR'S FINANCIAL  
CONDITION HAVE NOT BEEN SUBJECTED TO AN INDEPENDENT  
AUDIT, BUT PREPARED FROM INFORMATION COMPILED BY THE  
DEBTOR FROM RECORDS MAINTAINED IN THE ORDINARY COURSE  
OF ITS OPERATIONS. REASONABLE EFFORTS HAVE BEEN MADE  
TO ACCURATELY PREPARE ALL FINANCIAL INFORMATION WHICH  
MAY BE CONTAINED IN THIS DISCLOSURE STATEMENT FROM THE  
INFORMATION AVAILABLE TO THE DEBTOR. HOWEVER, AS TO ALL  
SUCH FINANCIAL INFORMATION, THE DEBTOR IS UNABLE TO  
WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED  
HEREIN IS WITHOUT ERROR.

1 THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT  
2 BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE TO  
3 CREDITORS. CREDITORS SHOULD CONSULT THEIR OWN LEGAL  
4 COUNSEL OR TAX ADVISOR ON ANY QUESTIONS OR CONCERNS  
5 ABOUT TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON  
6 CREDITORS.

7 F. Voting.

8 Under the Bankruptcy Code, only creditors with Claims in "impaired" classes and  
9 with Claims that are Allowed, or have been Temporarily Allowed by the Bankruptcy  
10 Court pursuant to an order, are entitled to vote on the Plan. In general, a Claim is  
11 "allowed," as that term is used in the Bankruptcy Code, if (1) the Claim is listed in the  
12 Debtor's schedules of liabilities filed with the Bankruptcy Court as not disputed,  
13 contingent, or unliquidated, or (2) a proof of claim has been timely filed with the Court by  
14 the holder of the Claim, and the Debtor has not filed an objection to the Claim, or (3) the  
15 Bankruptcy Court has entered an order allowing the Claim. If a Claim is not Allowed,  
16 but the holder thereof wishes to vote on the Plan, the holder must timely file a motion  
17 with the Bankruptcy Court requesting that the Claim be Temporarily Allowed.

18 In order for a class of Claims to vote to accept the Plan, votes representing at  
19 least two-thirds in amount and more than one-half in number of the Claims voting in that  
20 class must be cast in favor of acceptance of the Plan. As more fully described below,  
21 the Debtor is seeking acceptances from holders of Allowed Claims in the following  
22 classes (reserving the right to supplement as to any other impaired class(es) of Claims,  
23 if any):

<u>Class</u>	<u>Description</u>	<u>Status</u>
Class 2	Hampton Heights, L.L.C.	Impaired – Entitled to Vote
Class 3	General Unsecured Claims	Impaired – Entitled to Vote
Class 4	Property Tax Secured Claims	Impaired – Entitled to Vote

Class 5      City of St. Helens Secured Claims      Impaired – Entitled to Vote

The following classes of Claims are not impaired under the Plan:

<u>Class</u>	<u>Description</u>	<u>Status</u>
Class 1	Non-Tax Priority Claims	Unimpaired – Deemed to Accept
<del>Class 5</del>	<del>City of St. Helens Secured Claims</del>	<del>Unimpaired – Deemed to Accept</del>
Class 6	One Main Financial Secured Claim	Unimpaired – Deemed to Accept
Class 7	Payroll Tax Secured Claim	Unimpaired – Deemed to Accept

The specific treatment of each class under the Plan is set forth in the Plan and is summarized in Articles I.G and IV of this Disclosure Statement. Section 1129(b) of the Bankruptcy Code provides that, if the Plan is rejected by one or more impaired classes of Claims, the Plan nevertheless may be confirmed by the Court if: (1) the Court determines that the Plan does not discriminate unfairly and is fair and equitable with respect to the rejecting class(es) of Claims that are impaired under the Plan; and (2) at least one class of impaired Claims has voted to accept the Plan. These requirements are described in further detail in Section VII.C of this Disclosure Statement.

A VOTE FOR ACCEPTANCE OF THE PLAN BY THOSE HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE IS IMPORTANT. THE DEBTOR RECOMMENDS THAT THE HOLDERS OF ALLOWED IMPAIRED CLAIMS VOTE IN FAVOR OF THE PLAN.

IN ORDER FOR A VOTE TO BE COUNTED, A BALLOT MUST BE PROPERLY FILLED OUT AND ACTUALLY RECEIVED ON OR BEFORE 5 P.M. PREVAILING PACIFIC TIME ON \_\_\_\_\_, ~~2012~~2013, BY THE DEBTOR'S ATTORNEYS AS SET FORTH IN THE BALLOT.

G. Plan Summary.

A table summarizing the classification and treatment of Claims under the Plan is set forth below.

Page 6 of ~~222~~ – FIRST AMENDED DISCLOSURE STATEMENT CONCERNING DEBTOR'S PLAN OF REORGANIZATION DATED ~~NOVEMBER 30, 2012~~FEBRUARY 11, 2013

<u>Class/Nature Of Claim</u>	<u>Treatment</u>	<u>Estimated Amount of Allowed Claims</u>	<u>Dates and Approximate Amount of Distributions</u>	<u>Estimated % Distribution</u>
Administrative Claims (Including Professional Fees and Expenses)	Unimpaired	\$50,000	To be paid in full either on or as soon as reasonably practicable following the Effective Date, or, if later, the Allowance Date; or upon such terms as may be agreed to in writing by the Administrative Claimant and the Debtor or Reorganized Debtor.	100%
Priority Tax Claims	Unimpaired	\$0	To be paid in full, together with interest from and after the Effective Date at the rate determined pursuant to 11 USC § 511, in equal monthly installments of principal and interest, to commence within 30 days following the Effective Date, with the final payment to be made on or before the 5th anniversary of the first monthly installment payment.	100%
Class 1 Non-Tax Priority Claims	Unimpaired	\$735.00	To be paid in full either on or as soon as reasonably practicable following the Effective Date, or, if later, the Allowance Date.	100%
Class 2 Hampton Heights, L.L.C. Claim	Impaired	\$1,203,583.31	The Reorganized Debtor will, on the Effective Date, execute and deliver to Hampton Heights, L.L.C. a promissory note in the original principal amount of \$1,203,583.31 (the "Reorganization Note") payable on the terms set forth below and secured by a lien and security interest in all real and personal property that secured the Note, with the same priority Hampton Heights, L.L.C.'s liens and security interests had as of the Petition Date. The Reorganization Note will accrue interest at the rate of 4.50% per annum and will be paid as follows: (1) 120 equal monthly installments of principal and interest based on a 30-year amortization schedule; and (2) a balloon payment of all remaining principal and interest at the end of 10 years	100% of restructured Secured Claim in installments with balloon payment in 10 years
Class 3 General Unsecured Claims	Impaired	\$49,876.73	Holders of Allowed General Unsecured Claims will receive payment in full, plus interest at a rate of 3.50% per annum, in 60 equal monthly installments, with such payments to commence within 30 days following the Effective Date. The Reorganized Debtor will be free to prepay all or any portion of such Claims at any time.	100%

Class/Nature Of Claim	Treatment	Estimated Amount of Allowed Claims	Dates and Approximate Amount of Distributions	Estimated % Distribution
Class 4 Property Tax Secured Claims	Impaired	\$0	The Debtor does not believe there are any holders of Property Tax Secured Claims. To the extent there are, each creditor holding an Allowed Property Tax Secured Claim will receive payment in full, in 24 equal monthly installments, plus interest at the applicable statutory rate, with such payments to commence within 30 days following the Effective Date.	100%
Class 5 City of St. Helens Secured Claims	<del>Unimpaired</del> <a href="#">Impaired</a>	\$146,149.57	The holder of the City of St. Helens Secured <del>Claim</del> <a href="#">Claims</a> will receive no distribution under the Plan. The claim will continue to be secured by a lien in all real and personal property that secured the lien as of the Petition Date, with the same priority such liens had as of the Petition Date. This claim will be paid by Bing's Restaurant on terms agreed to between the City of St. Helens and Bing's Restaurant; however, the Debtor will remain liable for any amounts due to the holder of the City of St. Helens Secured <del>Claim</del> <a href="#">Claims</a> to the extent such payments are not made by Bing's Restaurant <a href="#">and the Debtor's obligation to the City of St. Helens will not be discharged until the City of St. Helens Secured Claims have been paid in full.</a>	0%
Class 6 One Main Financial Secured Claim	Unimpaired	\$6,313.36	The creditor will retain its security interest in the 1994 Lexus ES300 and will receive payments consistent with the Debtor's contractual payment obligations in connection therewith.	100%
Class 7 Payroll Tax Secured Claim	Unimpaired	\$10,000.00	The holder of the Payroll Tax Secured Claim will receive no distribution under the Plan. However, the Debtor will remain liable for any amounts due to the holder of the Payroll Tax Secured Claim to the extent such payments are not made by Bing's Restaurant.	0%

## II. FUNDING SOURCES FOR THE PLAN.

The Debtor is contractually entitled to a monthly payment of \$10,100 under the Lease. Beginning in ~~January~~[February](#) 2013, this payment will be raised to

1 \$11,375 per month. These Lease payments will be used to fund the  
2 Reorganized Debtor's obligations under this Plan.

3 III. FACTORS LEADING TO CHAPTER 11 FILING, AND DEBTOR'S ASSETS AND  
4 LIABILITIES.

5 A. Factors Leading to Chapter 11 Filing.

6 The Debtor's principal asset is real property in St. Helens, Oregon (the  
7 "Real Property"), upon which a restaurant, Bing's Restaurant, is located. From  
8 time to time, the Debtor borrowed money against the Real Property, for  
9 improvements and other reasons. In late 2007, Bing's Restaurant suffered  
10 damage in a fire. Although insurance covered a portion of the repair costs, the  
11 Debtor borrowed additional funds to pay for renovations.

12 In 2010, the Debtor took out a loan from Hampton Heights, L.L.C., to pay  
13 to renovate Bing's Restaurant and to take out the then-existing lender. In  
14 connection with that loan, the Debtor issued that certain promissory note dated  
15 June 17, 2010 to Hampton Heights, L.L.C. in the original principal amount of  
16 \$1,100,000. The Note required the Debtor to make payments of interest only, at  
17 the rate of 11% per annum (\$10,100 per month), beginning June 1, 2010. The  
18 entire balance became payable in full on December 1, 2011. The Debtor made  
19 all of his monthly payments through December 2011, but was unable to obtain a  
20 new loan or negotiate an extension with Hampton Heights, L.L.C. After Hampton  
21 Heights, L.L.C. commenced foreclosure proceedings against the Real Property,  
22 the Debtor was forced to file this Case.

23 IV. DESCRIPTION OF THE PLAN.

24 The following description of the Plan is for informational purposes only and does  
25 not contain all provisions of the Plan. Creditors should not rely on this description for  
26 voting purposes but should read the Plan in its entirety. This summary of the Plan does

1 not purport to be complete. THE PLAN IS CONTROLLING IN THE EVENT OF ANY  
2 INCONSISTENCY BETWEEN THE CONTENTS OF THE PLAN AND THIS  
3 DISCLOSURE STATEMENT.

4 A. Classification And Treatment Of Claims Under The Plan.

5 1. Claim Amounts.

6 Until Allowed, certain Claims against the Debtor are in unliquidated amounts.  
7 Accordingly, the amounts of Claims specified in this Disclosure Statement reflect only  
8 the Debtor's estimates based on information available to him. Additionally, the amounts  
9 of Claims specified in this Disclosure Statement do not include contingent or  
10 unliquidated Claims against the Debtor.

11 2. Effective Date of the Plan.

12 The Effective Date of the Plan determines when the performance of many of the  
13 obligations under the Plan is due. Unless an appeal is taken from the Confirmation  
14 Order, the Effective Date is expected to occur on the first day after the 14th day after  
15 entry of the Confirmation Order.

16 3. Classification Generally.

17 Under the Plan, all Claims against the Debtor, other than Administrative Claims  
18 and Priority Tax Claims, are divided into seven separate classes, which the Debtor  
19 believes complies with the requirements of the Bankruptcy Code. Unless otherwise  
20 expressly stated in the Plan, the respective treatments under the Plan of Allowed  
21 Claims are in full discharge and satisfaction of those Allowed Claims. Except as  
22 provided in the Plan, all Claims against the Debtor arising prior to the Confirmation Date  
23 will be discharged upon the Court's entry of a discharge order after completion of all  
24 payments under the Plan.



1                   4.    Treatment of Claims.

2           A table that briefly summarizes the classification and treatment of Claims under  
3 the Plan is set forth in Section I.G above. Reference is made to the Plan itself for the  
4 specific terms and provisions.

5           B.    Executory Contracts and Unexpired Leases to be Assumed if not  
6 Rejected.

7           On the Effective Date, all executory contracts and unexpired leases of the Debtor  
8 that have not been rejected under this Plan or by order of the Bankruptcy Court, and are  
9 not the subject of a motion to reject pending on the Confirmation Date, will be deemed  
10 assumed by the Debtor and Reorganized Debtor on the Effective Date. If any party to  
11 an executory contract or unexpired lease that is being assumed objects to such  
12 assumption, the Bankruptcy Court may conduct a hearing on such objection on any  
13 date that is either mutually agreeable to the parties or fixed by the Bankruptcy Court. All  
14 payments to cure defaults that may be required under Section 365(b)(1) of the  
15 Bankruptcy Code will be made by the Reorganized Debtor. In the event of a dispute  
16 regarding the amount of any such payments, or the ability of the Debtor to provide  
17 adequate assurance of future performance, the Reorganized Debtor will make any  
18 payments required by Section 365(b)(1) of the Bankruptcy Code after the entry of the  
19 Final Order resolving such dispute.

20                   1.    Assumption of the Lease.

21           At closing, the Reorganized Debtor will assume all of the Debtor's right, title,  
22 interest and obligations under the Lease.

23           C.    Objections to Claims.

24           Notwithstanding the occurrence of the Effective Date, and except as to any Claim  
25 that has been Allowed by Court order prior to the Effective Date, the Reorganized  
26 Debtor, any Claimant, or any other party in interest may object to the allowance of any



1 Claim against the Debtor or seek estimation thereof on any grounds permitted by the  
2 Bankruptcy Code by filing the appropriate pleading in the Bankruptcy Court at any time  
3 prior to the first Business Day which is at least 60 days after the Effective Date. No  
4 payments or other distributions will be made to holders of Claims unless and until such  
5 Claims are Allowed Claims. If a Claim is not an Allowed Claim on the Effective Date, or  
6 when payment is otherwise due under the Plan, payment on the Allowed Claim (plus  
7 interest, if any, as provided in the Plan) will be made as soon as practicable following  
8 the Allowance Date.

9 D. Administrative Claims Bar Date.

10 All requests for payment of Administrative Claims other than Current Obligations  
11 must be served and filed with the Bankruptcy Court no later than 30 days after the  
12 Effective Date. Any Administrative Claim that is not served and filed by such date will  
13 be forever barred. After approval of the final fee applications of the Chapter 11  
14 Professionals by the Bankruptcy Court for services provided and costs incurred during  
15 the course of administration of the Case, the Chapter 11 Professionals will not be  
16 required to submit any further fee applications to the Bankruptcy Court.

17 E. Discharge.

18 Except as otherwise expressly provided in the Plan (including Section 4.5), in the  
19 Plan Documents, or in the Confirmation Order, once all payments have been completed  
20 under the Plan, the Reorganized Debtor will request that the Bankruptcy Court enter an  
21 order discharging the Debtor and Reorganized Debtor from all liability on any and all  
22 Claims and Debts, known or unknown, whether or not giving rise to a right to payment  
23 or an equitable remedy, that arose, directly or indirectly, from any action, inaction,  
24 event, conduct, circumstance, happening, occurrence, agreement, or obligation of the  
25 Debtor or his Representatives before the Confirmation Date, or that otherwise arose  
26 before the Confirmation Date, including, without limitation, all interest, if any, on any

1 such Claims and Debts, whether such interest accrued before or after the date of  
2 commencement of this Case, and from any liability of the kind specified in Sections  
3 502(g), 502(h), and 502(i) of the Bankruptcy Code, whether or not a proof of claim is  
4 filed or is deemed filed under Section 501 of the Bankruptcy Code, such Claim is  
5 Allowed under this Plan, or the holder of such Claim has accepted this Plan.

6 F. Vesting of Property.

7 Except as otherwise expressly provided in the Plan or in the Confirmation Order,  
8 on the Effective Date, the Reorganized Debtor will be vested with all of the property of  
9 the Estate free and clear of all Claims, liens, encumbrances, charges and other interests  
10 of Creditors and Claimants. As of the Effective Date, the Reorganized Debtor may hold,  
11 use, dispose, and otherwise deal with such property and conduct his affairs, in each  
12 case, free of any restrictions imposed by the Bankruptcy Code or by the Bankruptcy  
13 Court, other than those restrictions expressly imposed by the Plan, the Confirmation  
14 Order, or the Plan Documents.

15 G. ~~Exculpation And Limitation Of Liability.~~

16 ~~None of the Released Parties<sup>1</sup> will have or incur any liability to, or be~~  
17 ~~subject to any right of action by, any holder of a Claim, any other party in~~  
18 ~~interest, or any of their respective agents, employees, representatives,~~  
19 ~~financial advisors, attorneys, or affiliates, or any of their successors or~~  
20 ~~assigns, for any act or omission in connection with, relating to, or arising~~  
21 ~~out of the Case, including the exercise of their respective business~~  
22 ~~judgment and the performance of their respective fiduciary obligations, the~~  
23 ~~pursuit of confirmation of the Plan, or the administration of the Plan, except~~  
24 ~~liability for their willful misconduct, negligence, or breach of fiduciary duty,~~

25  
26 <sup>1</sup> ~~“Released Parties” means the Debtor and Reorganized Debtor; and his managers,~~  
~~officers, directors, employees, representatives, and agents acting in such capacity.~~

1 ~~and in all respects, such parties will be entitled to reasonably rely upon the~~  
2 ~~advice of counsel with respect to their duties and responsibilities under the~~  
3 ~~Plan or in the context of the Case.~~ H. Reservation of Rights.

4 Except as expressly provided in the Plan and this Disclosure Statement, the Plan  
5 will have no force or effect unless the Confirmation Order is entered by the Bankruptcy  
6 Court and the Effective Date has occurred. The filing of the Plan, any statement or  
7 provision contained in the Plan or in this Disclosure Statement, or the taking of any  
8 action by the Debtor with respect to the Plan will not be, or be deemed to be, an  
9 admission or waiver of any rights of the Debtor.

10 V. FEDERAL TAX CONSEQUENCES.

11 THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF  
12 THE PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN. ACCORDINGLY,  
13 ALL HOLDERS OF CLAIMS ARE STRONGLY URGED TO CONSULT THEIR TAX  
14 ADVISORS WITH SPECIFIC REFERENCE TO THE FEDERAL, STATE, AND LOCAL  
15 TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO SUCH HOLDER.  
16 NEITHER THE DEBTOR OR HIS COUNSEL MAKE ANY REPRESENTATIONS  
17 REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND  
18 CONSUMMATION OF THE PLAN AS TO THE DEBTOR OR ANY CREDITOR.

19 VI. ACCEPTANCE AND CONFIRMATION.

20 A. Voting Procedures.

21 1. Generally.

22 Only those Creditors whose Claims fall within one or more classes that are  
23 impaired under the Plan are eligible to vote to accept or reject the Plan. In that regard,  
24 the holders of Allowed or Temporarily Allowed Claims in Classes 2-~~4~~5 are entitled to  
25 vote on the Plan. Classes 1 and ~~5~~6-7 are not impaired under the Plan and are deemed  
26 to have accepted the Plan without voting. The Debtor reserves the right to supplement

1 this Disclosure Statement (if necessary) and to solicit any Class which may prove to be  
2 impaired and entitled to vote.

3 Separate Ballots will be sent to the known holders of Claims whether or not such  
4 Claims are Disputed. However, only the holders of Allowed or Temporarily Allowed  
5 Claims in one or more impaired classes are entitled to vote on the Plan. A Claim to  
6 which an objection has been filed is not an Allowed Claim unless and until the  
7 Bankruptcy Court rules on the objection and enters an order allowing the Claim. The  
8 holder of a Disputed Claim is not entitled to vote on the Plan unless the holder of such  
9 Claim requests that the Bankruptcy Court, pursuant to Bankruptcy Rule 3018,  
10 temporarily allow the Claim in an appropriate amount solely for the purpose of enabling  
11 the holder of such Disputed Claim to vote on the Plan, and the Bankruptcy Court does  
12 so.

13 2. Incomplete Ballots.

14 Ballots which are signed, dated, and timely received, but on which a vote to  
15 accept or reject the Plan has not been indicated, will not be counted as a vote to accept  
16 or to reject the Plan.

17 3. Withdrawal Of Ballots; Revocation.

18 The person or entity which has delivered a Ballot accepting or rejecting the Plan  
19 may withdraw such acceptance or rejection by delivering a written notice of withdrawal  
20 to the Debtor's attorneys, at any time prior to the voting deadline.

21 A notice of withdrawal, to be valid, must: (i) contain the description of the Claim  
22 or Claims to which it relates and the amount of such Claim or Claims; (ii) be signed by  
23 the voting person or entity in the same manner as the Ballot; and (iii) be received by the  
24 Debtor's attorneys, Sussman Shank LLP, in a timely manner at the address set forth  
25 below.  
26

1 Unless otherwise directed by the Bankruptcy Court, a purported notice of  
2 withdrawal of Ballots or change in the vote which is not received in a timely manner will  
3 not be effective to withdraw or change a previously furnished Ballot.

4 4. Submission Of Ballots.

5 The form of Ballot for each of the Classes entitled to vote on the Plan will be sent  
6 to the parties entitled to vote along with a copy of the Court-approved Disclosure  
7 Statement and a copy of the Plan. Persons or entities receiving the Disclosure  
8 Statement and Plan should read the Disclosure Statement, Plan, and Ballot carefully.  
9 Any questions concerning voting procedures should be addressed to:

10 Sussman Shank LLP  
11 Attn: Timothy A. Solomon  
12 1000 SW Broadway, Suite 1400  
13 Portland, OR 97205  
14 Phone: 503-227-1111  
15 Fax: 503-248-0130

16 Ballot(s) or withdrawals/revocations must be returned to the Debtor's attorneys at  
17 the above address. Ballots (and withdrawals/revocations) must be postmarked no later  
18 than \_\_\_\_\_, ~~2012~~2013. In addition, Ballots may be faxed to the Debtor's attorneys  
19 at 503-248-0130. To be effective, transmission of the facsimile must begin no later than  
20 5:00 P.M. Prevailing Pacific Time on \_\_\_\_\_, ~~2012~~2013.

21 5. Confirmation Hearing and Plan Objection Deadline.

22 The Bankruptcy Court will hold a hearing on confirmation of the Plan  
23 commencing on \_\_\_\_\_, ~~201~~2013 at \_\_\_\_:\_\_\_\_.m. in the Bankruptcy Courtroom No. 1,  
24 1001 SW 5th Ave #700, Portland, OR 97204. All objections, if any, to the confirmation  
25 of the Plan must be in writing; must state with specificity the grounds for any such  
26 objections; and must be filed with the Bankruptcy Court on or before \_\_\_\_\_,  
~~201~~2013:

6. Feasibility and Risks.

1 The Bankruptcy Code requires, as a condition to confirmation, that the  
2 Bankruptcy Court find that liquidation of the Debtor or the need for future reorganization  
3 is not likely to follow after confirmation. For the purpose of determining whether the  
4 Plan meets this requirement, the Debtor has prepared financial projections attached  
5 hereto as Exhibit 1 showing that the Reorganized Debtor will have the resources and  
6 ability to pay those Claims that are due on confirmation of the Plan and all future  
7 obligations as they come due.

8 The principal risk to the Reorganized Debtor's ability to perform under the Plan is  
9 that Bing's Restaurant, the tenant on the Debtor's real property, may break its lease,  
10 choose not to renew its lease, or otherwise cease operating. Rents from Bing's  
11 Restaurant are the only current source of income for the Debtor, and if the Reorganized  
12 Debtor cannot continue to collect those rents in the projected amounts, he will be  
13 unable to perform his obligations under the Plan.

14 An additional, related risk is that Bing's Restaurant will be unable or unwilling to  
15 pay the City of St. Helens Secured Claims (Class 5) or the Payroll Tax Secured Claims  
16 (Class 7). Bing's Restaurant is co-liable for these obligations, and has indicated its  
17 willingness and intention to pay them. In addition, the Debtor and Bing's Restaurant are  
18 engaged in discussions with the City of St. Helens regarding a payment plan regarding  
19 the City of St. Helens Secured Claims, which the Debtor expects to be successful. In  
20 the event those discussions are not successful, or if they are but Bing's Restaurant  
21 subsequently fails to make payments to the City of St. Helens for any reason, the  
22 Debtor may not be able to make those payments himself.

23 A. Best Interests Of Creditors.

24 Under Section 1129(a)(7) of the Bankruptcy Code, the Plan must provide that  
25 Creditors receive at least as much under the Plan as they would receive in a Chapter 7  
26 liquidation of the Debtor. Although the Debtor believes the value of his real property

1 exceeds the aggregate amount of all claims against him, it is not certain that a sale of  
2 such real property would lead to payment in full of all creditors, for several reasons.  
3 First, the market value of the property might be less than anticipated. More importantly,  
4 the property's long-term tenant, Bing's Restaurant, is owned and operated by the  
5 Debtor's mother and step father on a lease that expires at the end of 2014. If the  
6 property were sold by a trustee in a Chapter 7 case, Bing's Restaurant might choose to  
7 vacate the premises at the termination of its lease (or earlier), and it is unclear how such  
8 a vacancy might affect the market price of the property. It is also difficult to predict how  
9 long the property might take to sell under any set of circumstances.

10 Under the Plan, all creditors are to be paid in full, which is the most they could  
11 receive under Chapter ~~7~~ 7 under any circumstances. Therefore, the Plan satisfies the  
12 "best interest of creditors" test of Section 1129(a)(7) of the Bankruptcy Code.

13 B. Confirmation Over Dissenting Class.

14 In the event that any impaired class of Claims does not accept the Plan, the  
15 Bankruptcy Court may nevertheless confirm the Plan at the request of the Proponent if  
16 all other requirements under Section 1129(a) of the Bankruptcy Code are satisfied, and  
17 if, as to each impaired class which has not accepted the Plan, the Bankruptcy Court  
18 determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with  
19 respect to such non-accepting class. Each of these requirements is discussed below.

20 1. No Unfair Discrimination.

21 The Plan "does not discriminate unfairly" if: (a) the legal rights of a dissenting  
22 class are treated in a manner that is consistent with the treatment of other classes  
23 whose legal rights are similar to those of the dissenting class; and (b) no class receives  
24 payments in excess of that which it is legally entitled to receive for its claims. The  
25 Debtor believes the Plan does not discriminate unfairly as to any impaired class of  
26 Claims.



1                   2.     Fair and Equitable Test.

2             The Bankruptcy Code establishes different “fair and equitable” tests for secured  
3 claims and unsecured claims, as follows:

4                   (a)     Secured Creditors.   To satisfy the "fair and equitable"  
5 requirement as to a class of Secured Claims, the Plan must, at a minimum, provide that  
6 (i) each impaired Secured Creditor retains its liens on the property securing its Claim,  
7 and receive on account of its Secured Claim deferred cash payments totaling the  
8 Allowed amount of its Secured Claim, of a value, as of the Effective Date of the Plan, of  
9 at least the value of the Creditor's interest in the Estate's interest in the property  
10 securing such Claim, (ii) each impaired secured creditor realizes the “indubitable  
11 equivalent” of its Allowed Secured Claim, or (iii) the property securing the Claim is sold  
12 free and clear of liens with such liens to attach to the proceeds, and the liens against  
13 such proceeds are treated in accordance with clause (i) or (ii) of this subparagraph (a).  
14 Secured Creditors are either (i) receiving Allowed Secured Claims equal to the value of  
15 the creditor's interest in the Estate's interest in the property securing their Claims, plus  
16 payments to commence following confirmation at a market interest rate to provide them  
17 with deferred cash payments equal to the Allowed amount of their Secured Claims as of  
18 the Effective Date of the Plan, or (ii) continuing to receive payments in the ordinary  
19 course consistent with the Debtor's contractual payment obligations, or (iii) continuing to  
20 receive payments in the ordinary course from third parties, with the Debtor remaining  
21 liable for such payments in the event they are not received from such third parties.

22                   (b)     Unsecured Creditors.   To satisfy the "fair and equitable"  
23 requirement as to a class of unsecured Claims, the Plan must, at a minimum, provide  
24 that (i) each impaired unsecured creditor receives or retains under the Plan property of  
25 a value equal to the amount of its Allowed Claim, or (ii) the holders of Claims and  
26 interests that are junior to the Claims of the non-accepting class do not receive any



1 property under the Plan on account of such Claims and interests, except the Debtor  
2 may retain property included in the Estate under Section 1115 of the Bankruptcy Code  
3 as long as the value of property to be distributed under the Plan is not less than the  
4 projected disposable income of the Debtor to be received within the 5-year period  
5 beginning on the date the first payment is due under the Plan, or during the period for  
6 which the Plan provides payments, whichever is longer. This is referred to as the  
7 "Absolute Priority Rule".

8 In this case, each impaired unsecured creditor will receive or retain under the  
9 Plan property of a value equal to the amount of its Allowed Claim. Thus, the Debtor  
10 believes the Plan complies with the fair and equitable requirement for Unsecured  
11 Creditors.

12 VII. ALTERNATIVES TO THE PLAN.

13 If the Plan is not confirmed, several different events could occur. Among the  
14 alternatives to the Plan are: (1) the Debtor could propose another plan providing for  
15 different treatment of Claims; (2) a creditor or other interested party could propose a  
16 competing plan; (3) the Debtor could convert the Case to Chapter 7; or (4) the  
17 Bankruptcy Court (after appropriate notice and hearing) could dismiss the Case if no  
18 party is able to confirm a plan in a reasonable period of time.

19 VIII. CONCLUSION.

20 Under the Plan, all creditors will be paid in full, and the Debtor will retain the Real  
21 Property. Other than Hampton Heights, L.L.C., all parties will be paid in full within 24  
22 months of the Effective Date. If the Plan is not confirmed, substantial uncertainty will  
23 result concerning the timing and amount of any payments. The Debtor therefore  
24 believes that all creditors should vote to accept the Plan as it provides the best option  
25 for creditors to prompt payment in full of their Claims.

26 Dated: ~~November 30, 2012~~ February 11, 2013

**Page 20 of 2222 – FIRST AMENDED DISCLOSURE STATEMENT CONCERNING  
DEBTOR'S PLAN OF REORGANIZATION DATED ~~NOVEMBER 30, 2012~~ FEBRUARY  
11, 2013**

{SIGNATURES TO FOLLOW}

DEBTOR:

*/s/ Paul Joe*

---

Paul Joe

SUSSMAN SHANK LLP

*/s/ Timothy A. Solomon*

---

By: Thomas W. Stilley, OSB No. 883167  
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Attorneys for Paul Joe

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF OREGON

In re:	)	Case No. 12-36345-elp11
	)	
Paul, Joe	)	FIRST AMENDED DISCLOSURE
	)	STATEMENT CONCERNING
Debtor.	)	DEBTOR'S PLAN OF
	)	REORGANIZATION (Dated February
	)	11, 2013)
	)	

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**THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. IF YOU HAVE REQUESTED AND RECEIVED A COPY OF THIS DISCLOSURE STATEMENT IN CONNECTION WITH THE COURT'S HEARING TO CONSIDER APPROVAL OF THE DISCLOSURE STATEMENT, NOTHING CONTAINED HEREIN IS OR SHALL BE DEEMED A SOLICITATION OF ACCEPTANCE OF THE PLAN OF REORGANIZATION.**

TABLE OF CONTENTS

I. INTRODUCTION AND STATEMENTS REGARDING REPRESENTATIONS .....	1
A. Introduction .....	1
B. The Debtor's Real Property Interests .....	1
C. Definitions and Plan Supremacy.....	1
D. Summary of Key Features of the Plan .....	1
E. Limited Representations.....	4
F. Voting .....	5
G. Plan Summary .....	6
II. FUNDING SOURCES FOR THE PLAN.....	8
III. FACTORS LEADING TO CHAPTER 11 FILING, AND DEBTOR'S ASSETS AND LIABILITIES	9
A. Factors Leading to Chapter 11 Filing .....	9
IV. DESCRIPTION OF THE PLAN .....	9
A. Classification And Treatment Of Claims Under The Plan .....	10
1. Claim Amounts .....	10
2. Effective Date of the Plan .....	10
3. Classification Generally .....	10
4. Treatment of Claims .....	11
B. Executory Contracts and Unexpired Leases to be Assumed if not Rejected.....	11
1. Assumption of the Lease .....	11
C. Objections to Claims.....	11
D. Administrative Claims Bar Date .....	12
E. Discharge .....	12
F. Vesting of Property .....	13

1	<b>G. Reservation of Rights .....</b>	<b>13</b>
2	V.FEDERAL TAX CONSEQUENCES.....	13
3	VI. ACCEPTANCE AND CONFIRMATION .....	14
4	<b>A. Voting Procedures .....</b>	<b>14</b>
5	1. Generally .....	14
6	2. Incomplete Ballots .....	15
7	3. Withdrawal Of Ballots; Revocation .....	15
8	4. Submission Of Ballots .....	15
9	5. Confirmation Hearing and Plan Objection Deadline .....	16
10	6. Feasibility and Risks.....	16
11	<b>A. Best Interests Of Creditors.....</b>	<b>17</b>
12	<b>B. Confirmation Over Dissenting Class .....</b>	<b>17</b>
13	1. No Unfair Discrimination.....	18
14	2. Fair and Equitable Test .....	18
15	(a) Secured Creditors .....	18
16	(b) Unsecured Creditors .....	19
17	VII. ALTERNATIVES TO THE PLAN.....	20
18	VIII. CONCLUSION .....	20
19		
20		
21		
22		
23		
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1 Paul Joe, the Debtor and Debtor-in-Possession in the above-captioned  
2 Chapter 11 Case (the "Debtor"), has prepared this First Amended Disclosure Statement  
3 in connection with the solicitation of acceptances of the Debtor's First Amended Plan of  
4 Reorganization dated February 11, 2013 (the "Plan"). A copy of the Plan accompanies  
5 this Disclosure Statement.

6 I. INTRODUCTION AND STATEMENTS REGARDING REPRESENTATIONS.

7 A. Introduction.

8 On August 17, 2012 (the "Petition Date"), the Debtor commenced this Chapter 11  
9 reorganization case ("Case") by filing a voluntary petition under Chapter 11 of the  
10 United States Bankruptcy Code ("Bankruptcy Code"). Since the Petition Date the  
11 Debtor has remained a debtor-in-possession pursuant to Sections 1107 and 1108 of the  
12 Bankruptcy Code.

13 B. The Debtor's Real Property Interests.

14 The Debtor owns the real property and improvements located at 58209 Columbia  
15 River Hwy, St. Helens, OR, known as Bing's Restaurant.

16 C. Definitions and Plan Supremacy.

17 All terms defined in the Plan will have the same meanings when used in this  
18 Disclosure Statement. Terms defined in this Disclosure Statement which are also  
19 defined in the Plan are solely for convenience and the Debtor does not intend to change  
20 the definitions of those terms from the Plan. Furthermore, in the event of any  
21 inconsistency between the Plan and this Disclosure Statement, the Plan will control.  
22 The Exhibit attached to this Disclosure Statement is incorporated into and is a part of  
23 this Disclosure Statement.

24 D. Summary of Key Features of the Plan.

25 The following is a brief summary of the key features of the Plan:  
26

- (i) The Debtor will restructure the promissory note held by his secured lender, Hampton Heights, L.L.C., and secured by the Real Property, as follows: the Reorganized Debtor will execute and deliver a new a promissory note in the original principal amount of \$1,203,583.31 (the “Reorganization Note”) payable on the terms set forth below and secured by a lien and security interest in all real and personal property that secured the Note, with the same priority Hampton Heights, L.L.C.’s liens and security interests had as of the Petition Date. The Reorganization Note will accrue interest at the rate of 4.50% per annum and will be paid as follows: (1) 120 equal monthly installments of principal and interest based on a 30-year amortization schedule; and (2) a balloon payment of all remaining principal and interest at the end of 10 years; provided, however, that the Reorganized Debtor may prepay all or some portion of the Reorganization Note at any time without prepayment penalty.
- (ii) All other holders of allowed claims will be paid in full, in cash, as follows:
- Holders of Allowed Non-Tax Priority Claims will receive payment from Reorganized Debtor of the full amount of their Allowed Claims on or as soon as reasonably practicable following the Effective Date, or, if later, the Allowance Date.
  - Holders of Allowed General Unsecured Claims will receive payment in full, in 60 equal monthly installments, plus interest at a rate of 3.50% per annum, with such payments to commence within 30 days following the Effective Date.
  - The Debtor does not believe there are any holders of Property Tax Secured Claims. To the extent there are, each creditor holding an Allowed Property Tax Secured Claim will receive



1 payment in full, in 24 equal monthly installments, plus interest  
2 at the applicable statutory rate, with such payments to  
3 commence within 30 days following the Effective Date.

4 ○ The holder of the City of St. Helens Secured Claim will receive  
5 no distribution under the Plan. The claim will continue to be  
6 secured by a lien in all real and personal property that secured the  
7 lien as of the Petition Date, with the same priority such liens had as  
8 of the Petition Date. This claim will be paid by Bing's  
9 Restaurant on terms agreed to between the City of St. Helens  
10 and Bing's Restaurant; however, the Debtor will remain liable  
11 for any amounts due to the holder of the City of St. Helens  
12 Secured Claim to the extent such payments are not made by  
13 Bing's Restaurant and the Debtor's obligation to the City of St.  
14 Helens will not be discharged until the City of St. Helens  
15 Secured Claim has been paid in full.

16 ○ The creditor holding the One Main Financial Secured Claim  
17 will retain its security interest in the 1994 Lexus ES300 and  
18 will receive payments consistent with the Debtor's contractual  
19 payment obligations in connection therewith.

20 ○ The holder the Payroll Tax Secured Claim will receive no  
21 distribution under the Plan. However, the Debtor will remain  
22 liable for any amounts due to the holder of the Payroll Tax  
23 Secured Claim to the extent such payments are not made by  
24 Bing's Restaurant.

1           E.     Limited Representations.

2           This Disclosure Statement is submitted in accordance with Section 1125 of the  
3 Bankruptcy Code for the purpose of soliciting acceptances of the Plan from holders of  
4 certain Claims. The Court has approved this Disclosure Statement as containing  
5 information of a kind, and in sufficient detail, which is adequate to enable you to make  
6 an informed judgment whether to vote to accept or reject the Plan.

7           THIS DISCLOSURE STATEMENT IS NOT THE PLAN. THIS  
8 DISCLOSURE STATEMENT, TOGETHER WITH THE PLAN WHICH  
9 ACCOMPANIES THIS DISCLOSURE STATEMENT, SHOULD BE READ  
10 COMPLETELY. FOR THE CONVENIENCE OF CREDITORS, THE PLAN  
11 IS SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL  
SUMMARIES AND OTHER STATEMENTS REGARDING THE PLAN  
ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN ITSELF, WHICH  
IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCY.

12           NO REPRESENTATIONS OR ASSURANCES CONCERNING THE  
13 DEBTOR, INCLUDING, WITHOUT LIMITATION, ITS OPERATIONS, THE  
14 VALUE OF ITS ASSETS, OR THE FUTURE OPERATIONS OF THE  
15 REORGANIZED DEBTOR ARE AUTHORIZED BY THE DEBTOR  
OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

16           THIS IS A SOLICITATION BY THE DEBTOR ONLY AND IT IS NOT A  
17 SOLICITATION BY THE DEBTOR'S ATTORNEYS OR ANY OTHER  
18 PROFESSIONALS EMPLOYED BY THE DEBTOR. THE  
19 REPRESENTATIONS MADE HEREIN ARE THOSE OF THE DEBTOR  
AND NOT OF THE DEBTOR'S ATTORNEYS OR ANY OTHER  
PROFESSIONAL.

20           UNLESS OTHERWISE EXPRESSLY STATED, PORTIONS OF THIS  
21 DISCLOSURE STATEMENT DESCRIBING THE DEBTOR'S FINANCIAL  
22 CONDITION HAVE NOT BEEN SUBJECTED TO AN INDEPENDENT  
23 AUDIT, BUT PREPARED FROM INFORMATION COMPILED BY THE  
24 DEBTOR FROM RECORDS MAINTAINED IN THE ORDINARY COURSE  
25 OF ITS OPERATIONS. REASONABLE EFFORTS HAVE BEEN MADE  
26 TO ACCURATELY PREPARE ALL FINANCIAL INFORMATION WHICH  
MAY BE CONTAINED IN THIS DISCLOSURE STATEMENT FROM THE  
INFORMATION AVAILABLE TO THE DEBTOR. HOWEVER, AS TO ALL  
SUCH FINANCIAL INFORMATION, THE DEBTOR IS UNABLE TO  
WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED  
HEREIN IS WITHOUT ERROR.

1 THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT  
2 BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE TO  
3 CREDITORS. CREDITORS SHOULD CONSULT THEIR OWN LEGAL  
4 COUNSEL OR TAX ADVISOR ON ANY QUESTIONS OR CONCERNS  
5 ABOUT TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON  
6 CREDITORS.

7 F. Voting.

8 Under the Bankruptcy Code, only creditors with Claims in "impaired" classes and  
9 with Claims that are Allowed, or have been Temporarily Allowed by the Bankruptcy  
10 Court pursuant to an order, are entitled to vote on the Plan. In general, a Claim is  
11 "allowed," as that term is used in the Bankruptcy Code, if (1) the Claim is listed in the  
12 Debtor's schedules of liabilities filed with the Bankruptcy Court as not disputed,  
13 contingent, or unliquidated, or (2) a proof of claim has been timely filed with the Court by  
14 the holder of the Claim, and the Debtor has not filed an objection to the Claim, or (3) the  
15 Bankruptcy Court has entered an order allowing the Claim. If a Claim is not Allowed,  
16 but the holder thereof wishes to vote on the Plan, the holder must timely file a motion  
17 with the Bankruptcy Court requesting that the Claim be Temporarily Allowed.

18 In order for a class of Claims to vote to accept the Plan, votes representing at  
19 least two-thirds in amount and more than one-half in number of the Claims voting in that  
20 class must be cast in favor of acceptance of the Plan. As more fully described below,  
21 the Debtor is seeking acceptances from holders of Allowed Claims in the following  
22 classes (reserving the right to supplement as to any other impaired class(es) of Claims,  
23 if any):

<u>Class</u>	<u>Description</u>	<u>Status</u>
Class 2	Hampton Heights, L.L.C.	Impaired – Entitled to Vote
Class 3	General Unsecured Claims	Impaired – Entitled to Vote
Class 4	Property Tax Secured Claims	Impaired – Entitled to Vote

1 Class 5 City of St. Helens Secured Claims Impaired – Entitled to Vote

2 The following classes of Claims are not impaired under the Plan:

3 <u>Class</u>	<u>Description</u>	<u>Status</u>
4 Class 1	Non-Tax Priority Claims	Unimpaired – Deemed to Accept
6 Class 6	One Main Financial Secured Claim	Unimpaired – Deemed to Accept
8 Class 7	Payroll Tax Secured Claim	Unimpaired – Deemed to Accept

9 The specific treatment of each class under the Plan is set forth in the Plan and is  
10 summarized in Articles I.G and IV of this Disclosure Statement. Section 1129(b) of the  
11 Bankruptcy Code provides that, if the Plan is rejected by one or more impaired classes  
12 of Claims, the Plan nevertheless may be confirmed by the Court if: (1) the Court  
13 determines that the Plan does not discriminate unfairly and is fair and equitable with  
14 respect to the rejecting class(es) of Claims that are impaired under the Plan; and (2) at  
15 least one class of impaired Claims has voted to accept the Plan. These requirements  
16 are described in further detail in Section VII.C of this Disclosure Statement.

17 A VOTE FOR ACCEPTANCE OF THE PLAN BY THOSE HOLDERS OF  
18 CLAIMS WHO ARE ENTITLED TO VOTE IS IMPORTANT. THE  
19 DEBTOR RECOMMENDS THAT THE HOLDERS OF ALLOWED  
IMPAIRED CLAIMS VOTE IN FAVOR OF THE PLAN.

20 IN ORDER FOR A VOTE TO BE COUNTED, A BALLOT MUST BE  
21 PROPERLY FILLED OUT AND ACTUALLY RECEIVED ON OR BEFORE  
22 5 P.M. PREVAILING PACIFIC TIME ON \_\_\_\_\_, 2013, BY THE  
DEBTOR'S ATTORNEYS AS SET FORTH IN THE BALLOT.

23 G. Plan Summary.

24 A table summarizing the classification and treatment of Claims under the Plan is  
25 set forth below.

<u>Class/Nature Of Claim</u>	<u>Treatment</u>	<u>Estimated Amount of Allowed Claims</u>	<u>Dates and Approximate Amount of Distributions</u>	<u>Estimated % Distribution</u>
Administrative Claims (Including Professional Fees and Expenses)	Unimpaired	\$50,000	To be paid in full either on or as soon as reasonably practicable following the Effective Date, or, if later, the Allowance Date; or upon such terms as may be agreed to in writing by the Administrative Claimant and the Debtor or Reorganized Debtor.	100%
Priority Tax Claims	Unimpaired	\$0	To be paid in full, together with interest from and after the Effective Date at the rate determined pursuant to 11 USC § 511, in equal monthly installments of principal and interest, to commence within 30 days following the Effective Date, with the final payment to be made on or before the 5th anniversary of the first monthly installment payment.	100%
Class 1 Non-Tax Priority Claims	Unimpaired	\$735.00	To be paid in full either on or as soon as reasonably practicable following the Effective Date, or, if later, the Allowance Date.	100%
Class 2 Hampton Heights, L.L.C. Claim	Impaired	\$1,203,583.31	The Reorganized Debtor will, on the Effective Date, execute and deliver to Hampton Heights, L.L.C. a promissory note in the original principal amount of \$1,203,583.31 (the "Reorganization Note") payable on the terms set forth below and secured by a lien and security interest in all real and personal property that secured the Note, with the same priority Hampton Heights, L.L.C.'s liens and security interests had as of the Petition Date. The Reorganization Note will accrue interest at the rate of 4.50% per annum and will be paid as follows: (1) 120 equal monthly installments of principal and interest based on a 30-year amortization schedule; and (2) a balloon payment of all remaining principal and interest at the end of 10 years	100% of restructured Secured Claim in installments with balloon payment in 10 years
Class 3 General Unsecured Claims	Impaired	\$49,876.73	Holders of Allowed General Unsecured Claims will receive payment in full, plus interest at a rate of 3.50% per annum, in 60 equal monthly installments, with such payments to commence within 30 days following the Effective Date. The Reorganized Debtor will be free to prepay all or any portion of such Claims at any time.	100%

Class/Nature Of Claim	Treatment	Estimated Amount of Allowed Claims	Dates and Approximate Amount of Distributions	Estimated % Distribution
Class 4 Property Tax Secured Claims	Impaired	\$0	The Debtor does not believe there are any holders of Property Tax Secured Claims. To the extent there are, each creditor holding an Allowed Property Tax Secured Claim will receive payment in full, in 24 equal monthly installments, plus interest at the applicable statutory rate, with such payments to commence within 30 days following the Effective Date.	100%
Class 5 City of St. Helens Secured Claims	Impaired	\$146,149.57	The holder of the City of St. Helens Secured Claims will receive no distribution under the Plan. The claim will continue to be secured by a lien in all real and personal property that secured the lien as of the Petition Date, with the same priority such liens had as of the Petition Date. This claim will be paid by Bing's Restaurant on terms agreed to between the City of St. Helens and Bing's Restaurant; however, the Debtor will remain liable for any amounts due to the holder of the City of St. Helens Secured Claims to the extent such payments are not made by Bing's Restaurant and the Debtor's obligation to the City of St. Helens will not be discharged until the City of St. Helens Secured Claims have been paid in full.	0%
Class 6 One Main Financial Secured Claim	Unimpaired	\$6,313.36	The creditor will retain its security interest in the 1994 Lexus ES300 and will receive payments consistent with the Debtor's contractual payment obligations in connection therewith.	100%
Class 7 Payroll Tax Secured Claim	Unimpaired	\$10,000.00	The holder of the Payroll Tax Secured Claim will receive no distribution under the Plan. However, the Debtor will remain liable for any amounts due to the holder of the Payroll Tax Secured Claim to the extent such payments are not made by Bing's Restaurant.	0%

## II. FUNDING SOURCES FOR THE PLAN.

The Debtor is contractually entitled to a monthly payment of \$10,100 under the Lease. Beginning in February 2013, this payment will be raised to \$11,375 per month. These Lease payments will be used to fund the Reorganized Debtor's obligations under this Plan.

1     III.     FACTORS LEADING TO CHAPTER 11 FILING, AND DEBTOR'S ASSETS AND  
2     LIABILITIES.

3     A.     Factors Leading to Chapter 11 Filing.

4           The Debtor's principal asset is real property in St. Helens, Oregon (the  
5     "Real Property"), upon which a restaurant, Bing's Restaurant, is located. From  
6     time to time, the Debtor borrowed money against the Real Property, for  
7     improvements and other reasons. In late 2007, Bing's Restaurant suffered  
8     damage in a fire. Although insurance covered a portion of the repair costs, the  
9     Debtor borrowed additional funds to pay for renovations.

10          In 2010, the Debtor took out a loan from Hampton Heights, L.L.C., to pay  
11     to renovate Bing's Restaurant and to take out the then-existing lender. In  
12     connection with that loan, the Debtor issued that certain promissory note dated  
13     June 17, 2010 to Hampton Heights, L.L.C. in the original principal amount of  
14     \$1,100,000. The Note required the Debtor to make payments of interest only, at  
15     the rate of 11% per annum (\$10,100 per month), beginning June 1, 2010. The  
16     entire balance became payable in full on December 1, 2011. The Debtor made  
17     all of his monthly payments through December 2011, but was unable to obtain a  
18     new loan or negotiate an extension with Hampton Heights, L.L.C. After Hampton  
19     Heights, L.L.C. commenced foreclosure proceedings against the Real Property,  
20     the Debtor was forced to file this Case.

21     IV.     DESCRIPTION OF THE PLAN.

22          The following description of the Plan is for informational purposes only and does  
23     not contain all provisions of the Plan. Creditors should not rely on this description for  
24     voting purposes but should read the Plan in its entirety. This summary of the Plan does  
25     not purport to be complete. THE PLAN IS CONTROLLING IN THE EVENT OF ANY

1 INCONSISTENCY BETWEEN THE CONTENTS OF THE PLAN AND THIS  
2 DISCLOSURE STATEMENT.

3 A. Classification And Treatment Of Claims Under The Plan.

4 1. Claim Amounts.

5 Until Allowed, certain Claims against the Debtor are in unliquidated amounts.  
6 Accordingly, the amounts of Claims specified in this Disclosure Statement reflect only  
7 the Debtor's estimates based on information available to him. Additionally, the amounts  
8 of Claims specified in this Disclosure Statement do not include contingent or  
9 unliquidated Claims against the Debtor.

10 2. Effective Date of the Plan.

11 The Effective Date of the Plan determines when the performance of many of the  
12 obligations under the Plan is due. Unless an appeal is taken from the Confirmation  
13 Order, the Effective Date is expected to occur on the first day after the 14th day after  
14 entry of the Confirmation Order.

15 3. Classification Generally.

16 Under the Plan, all Claims against the Debtor, other than Administrative Claims  
17 and Priority Tax Claims, are divided into seven separate classes, which the Debtor  
18 believes complies with the requirements of the Bankruptcy Code. Unless otherwise  
19 expressly stated in the Plan, the respective treatments under the Plan of Allowed  
20 Claims are in full discharge and satisfaction of those Allowed Claims. Except as  
21 provided in the Plan, all Claims against the Debtor arising prior to the Confirmation Date  
22 will be discharged upon the Court's entry of a discharge order after completion of all  
23 payments under the Plan.



1                   4.   Treatment of Claims.

2                   A table that briefly summarizes the classification and treatment of Claims under  
3 the Plan is set forth in Section I.G above. Reference is made to the Plan itself for the  
4 specific terms and provisions.

5                   B.   Executory Contracts and Unexpired Leases to be Assumed if not  
6 Rejected.

7                   On the Effective Date, all executory contracts and unexpired leases of the Debtor  
8 that have not been rejected under this Plan or by order of the Bankruptcy Court, and are  
9 not the subject of a motion to reject pending on the Confirmation Date, will be deemed  
10 assumed by the Debtor and Reorganized Debtor on the Effective Date. If any party to  
11 an executory contract or unexpired lease that is being assumed objects to such  
12 assumption, the Bankruptcy Court may conduct a hearing on such objection on any  
13 date that is either mutually agreeable to the parties or fixed by the Bankruptcy Court. All  
14 payments to cure defaults that may be required under Section 365(b)(1) of the  
15 Bankruptcy Code will be made by the Reorganized Debtor. In the event of a dispute  
16 regarding the amount of any such payments, or the ability of the Debtor to provide  
17 adequate assurance of future performance, the Reorganized Debtor will make any  
18 payments required by Section 365(b)(1) of the Bankruptcy Code after the entry of the  
19 Final Order resolving such dispute.

20                   1.   Assumption of the Lease.

21                   At closing, the Reorganized Debtor will assume all of the Debtor's right, title,  
22 interest and obligations under the Lease.

23                   C.   Objections to Claims.

24                   Notwithstanding the occurrence of the Effective Date, and except as to any Claim  
25 that has been Allowed by Court order prior to the Effective Date, the Reorganized  
26 Debtor, any Claimant, or any other party in interest may object to the allowance of any

1 Claim against the Debtor or seek estimation thereof on any grounds permitted by the  
2 Bankruptcy Code by filing the appropriate pleading in the Bankruptcy Court at any time  
3 prior to the first Business Day which is at least 60 days after the Effective Date. No  
4 payments or other distributions will be made to holders of Claims unless and until such  
5 Claims are Allowed Claims. If a Claim is not an Allowed Claim on the Effective Date, or  
6 when payment is otherwise due under the Plan, payment on the Allowed Claim (plus  
7 interest, if any, as provided in the Plan) will be made as soon as practicable following  
8 the Allowance Date.

9 D. Administrative Claims Bar Date.

10 All requests for payment of Administrative Claims other than Current Obligations  
11 must be served and filed with the Bankruptcy Court no later than 30 days after the  
12 Effective Date. Any Administrative Claim that is not served and filed by such date will  
13 be forever barred. After approval of the final fee applications of the Chapter 11  
14 Professionals by the Bankruptcy Court for services provided and costs incurred during  
15 the course of administration of the Case, the Chapter 11 Professionals will not be  
16 required to submit any further fee applications to the Bankruptcy Court.

17 E. Discharge.

18 Except as otherwise expressly provided in the Plan (including Section 4.5), in the  
19 Plan Documents, or in the Confirmation Order, once all payments have been completed  
20 under the Plan, the Reorganized Debtor will request that the Bankruptcy Court enter an  
21 order discharging the Debtor and Reorganized Debtor from all liability on any and all  
22 Claims and Debts, known or unknown, whether or not giving rise to a right to payment  
23 or an equitable remedy, that arose, directly or indirectly, from any action, inaction,  
24 event, conduct, circumstance, happening, occurrence, agreement, or obligation of the  
25 Debtor or his Representatives before the Confirmation Date, or that otherwise arose  
26 before the Confirmation Date, including, without limitation, all interest, if any, on any

1 such Claims and Debts, whether such interest accrued before or after the date of  
2 commencement of this Case, and from any liability of the kind specified in Sections  
3 502(g), 502(h), and 502(i) of the Bankruptcy Code, whether or not a proof of claim is  
4 filed or is deemed filed under Section 501 of the Bankruptcy Code, such Claim is  
5 Allowed under this Plan, or the holder of such Claim has accepted this Plan.

6 F. Vesting of Property.

7 Except as otherwise expressly provided in the Plan or in the Confirmation Order,  
8 on the Effective Date, the Reorganized Debtor will be vested with all of the property of  
9 the Estate free and clear of all Claims, liens, encumbrances, charges and other interests  
10 of Creditors and Claimants. As of the Effective Date, the Reorganized Debtor may hold,  
11 use, dispose, and otherwise deal with such property and conduct his affairs, in each  
12 case, free of any restrictions imposed by the Bankruptcy Code or by the Bankruptcy  
13 Court, other than those restrictions expressly imposed by the Plan, the Confirmation  
14 Order, or the Plan Documents.

15 G. Reservation of Rights.

16 Except as expressly provided in the Plan and this Disclosure Statement, the Plan  
17 will have no force or effect unless the Confirmation Order is entered by the Bankruptcy  
18 Court and the Effective Date has occurred. The filing of the Plan, any statement or  
19 provision contained in the Plan or in this Disclosure Statement, or the taking of any  
20 action by the Debtor with respect to the Plan will not be, or be deemed to be, an  
21 admission or waiver of any rights of the Debtor.

22 V. FEDERAL TAX CONSEQUENCES.

23 THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF  
24 THE PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN. ACCORDINGLY,  
25 ALL HOLDERS OF CLAIMS ARE STRONGLY URGED TO CONSULT THEIR TAX  
26 ADVISORS WITH SPECIFIC REFERENCE TO THE FEDERAL, STATE, AND LOCAL

1 TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO SUCH HOLDER.  
2 NEITHER THE DEBTOR OR HIS COUNSEL MAKE ANY REPRESENTATIONS  
3 REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND  
4 CONSUMMATION OF THE PLAN AS TO THE DEBTOR OR ANY CREDITOR.

5 VI. ACCEPTANCE AND CONFIRMATION.

6 A. Voting Procedures.

7 1. Generally.

8 Only those Creditors whose Claims fall within one or more classes that are  
9 impaired under the Plan are eligible to vote to accept or reject the Plan. In that regard,  
10 the holders of Allowed or Temporarily Allowed Claims in Classes 2-5 are entitled to vote  
11 on the Plan. Classes 1 and 6-7 are not impaired under the Plan and are deemed to  
12 have accepted the Plan without voting. The Debtor reserves the right to supplement  
13 this Disclosure Statement (if necessary) and to solicit any Class which may prove to be  
14 impaired and entitled to vote.

15 Separate Ballots will be sent to the known holders of Claims whether or not such  
16 Claims are Disputed. However, only the holders of Allowed or Temporarily Allowed  
17 Claims in one or more impaired classes are entitled to vote on the Plan. A Claim to  
18 which an objection has been filed is not an Allowed Claim unless and until the  
19 Bankruptcy Court rules on the objection and enters an order allowing the Claim. The  
20 holder of a Disputed Claim is not entitled to vote on the Plan unless the holder of such  
21 Claim requests that the Bankruptcy Court, pursuant to Bankruptcy Rule 3018,  
22 temporarily allow the Claim in an appropriate amount solely for the purpose of enabling  
23 the holder of such Disputed Claim to vote on the Plan, and the Bankruptcy Court does  
24 so.

25 //

1           2.     Incomplete Ballots.

2           Ballots which are signed, dated, and timely received, but on which a vote to  
3     accept or reject the Plan has not been indicated, will not be counted as a vote to accept  
4     or to reject the Plan.

5           3.     Withdrawal Of Ballots; Revocation.

6           The person or entity which has delivered a Ballot accepting or rejecting the Plan  
7     may withdraw such acceptance or rejection by delivering a written notice of withdrawal  
8     to the Debtor's attorneys, at any time prior to the voting deadline.

9           A notice of withdrawal, to be valid, must: (i) contain the description of the Claim  
10    or Claims to which it relates and the amount of such Claim or Claims; (ii) be signed by  
11    the voting person or entity in the same manner as the Ballot; and (iii) be received by the  
12    Debtor's attorneys, Sussman Shank LLP, in a timely manner at the address set forth  
13    below.

14          Unless otherwise directed by the Bankruptcy Court, a purported notice of  
15    withdrawal of Ballots or change in the vote which is not received in a timely manner will  
16    not be effective to withdraw or change a previously furnished Ballot.

17          4.     Submission Of Ballots.

18          The form of Ballot for each of the Classes entitled to vote on the Plan will be sent  
19    to the parties entitled to vote along with a copy of the Court-approved Disclosure  
20    Statement and a copy of the Plan. Persons or entities receiving the Disclosure  
21    Statement and Plan should read the Disclosure Statement, Plan, and Ballot carefully.  
22    Any questions concerning voting procedures should be addressed to:

23               Sussman Shank LLP  
24               Attn: Timothy A. Solomon  
25               1000 SW Broadway, Suite 1400  
26               Portland, OR 97205  
                Phone: 503-227-1111  
                Fax: 503-248-0130

1 Ballot(s) or withdrawals/revocations must be returned to the Debtor's attorneys at  
2 the above address. Ballots (and withdrawals/revocations) must be postmarked no later  
3 than \_\_\_\_\_, 2013. In addition, Ballots may be faxed to the Debtor's attorneys at  
4 503-248-0130. To be effective, transmission of the facsimile must begin no later than  
5 5:00 P.M. Prevailing Pacific Time on \_\_\_\_\_, 2013.

6 5. Confirmation Hearing and Plan Objection Deadline.

7 The Bankruptcy Court will hold a hearing on confirmation of the Plan  
8 commencing on \_\_\_\_\_, 2013 at \_\_\_\_:\_\_\_\_.m. in the Bankruptcy Courtroom No. 1, 1001  
9 SW 5th Ave #700, Portland, OR 97204. All objections, if any, to the confirmation of the  
10 Plan must be in writing; must state with specificity the grounds for any such objections;  
11 and must be filed with the Bankruptcy Court on or before \_\_\_\_\_, 2013:

12 6. Feasibility and Risks.

13 The Bankruptcy Code requires, as a condition to confirmation, that the  
14 Bankruptcy Court find that liquidation of the Debtor or the need for future reorganization  
15 is not likely to follow after confirmation. For the purpose of determining whether the  
16 Plan meets this requirement, the Debtor has prepared financial projections attached  
17 hereto as Exhibit 1 showing that the Reorganized Debtor will have the resources and  
18 ability to pay those Claims that are due on confirmation of the Plan and all future  
19 obligations as they come due.

20 The principal risk to the Reorganized Debtor's ability to perform under the Plan is  
21 that Bing's Restaurant, the tenant on the Debtor's real property, may break its lease,  
22 choose not to renew its lease, or otherwise cease operating. Rents from Bing's  
23 Restaurant are the only current source of income for the Debtor, and if the Reorganized  
24 Debtor cannot continue to collect those rents in the projected amounts, he will be  
25 unable to perform his obligations under the Plan.

1 An additional, related risk is that Bing's Restaurant will be unable or unwilling to  
2 pay the City of St. Helens Secured Claims (Class 5) or the Payroll Tax Secured Claims  
3 (Class 7). Bing's Restaurant is co-liable for these obligations, and has indicated its  
4 willingness and intention to pay them. In addition, the Debtor and Bing's Restaurant are  
5 engaged in discussions with the City of St. Helens regarding a payment plan regarding  
6 the City of St. Helens Secured Claims, which the Debtor expects to be successful. In  
7 the event those discussions are not successful, or if they are but Bing's Restaurant  
8 subsequently fails to make payments to the City of St. Helens for any reason, the  
9 Debtor may not be able to make those payments himself.

10 A. Best Interests Of Creditors.

11 Under Section 1129(a)(7) of the Bankruptcy Code, the Plan must provide that  
12 Creditors receive at least as much under the Plan as they would receive in a Chapter 7  
13 liquidation of the Debtor. Although the Debtor believes the value of his real property  
14 exceeds the aggregate amount of all claims against him, it is not certain that a sale of  
15 such real property would lead to payment in full of all creditors, for several reasons.  
16 First, the market value of the property might be less than anticipated. More importantly,  
17 the property's long-term tenant, Bing's Restaurant, is owned and operated by the  
18 Debtor's mother and step father on a lease that expires at the end of 2014. If the  
19 property were sold by a trustee in a Chapter 7 case, Bing's Restaurant might choose to  
20 vacate the premises at the termination of its lease (or earlier), and it is unclear how such  
21 a vacancy might affect the market price of the property. It is also difficult to predict how  
22 long the property might take to sell under any set of circumstances.

23 Under the Plan, all creditors are to be paid in full, which is the most they could  
24 receive under Chapter 7 under any circumstances. Therefore, the Plan satisfies the  
25 "best interest of creditors" test of Section 1129(a)(7) of the Bankruptcy Code.

26 B. Confirmation Over Dissenting Class.

1 In the event that any impaired class of Claims does not accept the Plan, the  
2 Bankruptcy Court may nevertheless confirm the Plan at the request of the Proponent if  
3 all other requirements under Section 1129(a) of the Bankruptcy Code are satisfied, and  
4 if, as to each impaired class which has not accepted the Plan, the Bankruptcy Court  
5 determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with  
6 respect to such non-accepting class. Each of these requirements is discussed below.

7 1. No Unfair Discrimination.

8 The Plan “does not discriminate unfairly” if: (a) the legal rights of a dissenting  
9 class are treated in a manner that is consistent with the treatment of other classes  
10 whose legal rights are similar to those of the dissenting class; and (b) no class receives  
11 payments in excess of that which it is legally entitled to receive for its claims. The  
12 Debtor believes the Plan does not discriminate unfairly as to any impaired class of  
13 Claims.

14 2. Fair and Equitable Test.

15 The Bankruptcy Code establishes different “fair and equitable” tests for secured  
16 claims and unsecured claims, as follows:

17 (a) Secured Creditors. To satisfy the “fair and equitable”  
18 requirement as to a class of Secured Claims, the Plan must, at a minimum, provide that  
19 (i) each impaired Secured Creditor retains its liens on the property securing its Claim,  
20 and receive on account of its Secured Claim deferred cash payments totaling the  
21 Allowed amount of its Secured Claim, of a value, as of the Effective Date of the Plan, of  
22 at least the value of the Creditor’s interest in the Estate’s interest in the property  
23 securing such Claim, (ii) each impaired secured creditor realizes the “indubitable  
24 equivalent” of its Allowed Secured Claim, or (iii) the property securing the Claim is sold  
25 free and clear of liens with such liens to attach to the proceeds, and the liens against  
26 such proceeds are treated in accordance with clause (i) or (ii) of this subparagraph (a).



1 Secured Creditors are either (i) receiving Allowed Secured Claims equal to the value of  
2 the creditor's interest in the Estate's interest in the property securing their Claims, plus  
3 payments to commence following confirmation at a market interest rate to provide them  
4 with deferred cash payments equal to the Allowed amount of their Secured Claims as of  
5 the Effective Date of the Plan, or (ii) continuing to receive payments in the ordinary  
6 course consistent with the Debtor's contractual payment obligations, or (iii) continuing to  
7 receive payments in the ordinary course from third parties, with the Debtor remaining  
8 liable for such payments in the event they are not received from such third parties.

9 (b) Unsecured Creditors. To satisfy the "fair and equitable"  
10 requirement as to a class of unsecured Claims, the Plan must, at a minimum, provide  
11 that (i) each impaired unsecured creditor receives or retains under the Plan property of  
12 a value equal to the amount of its Allowed Claim, or (ii) the holders of Claims and  
13 interests that are junior to the Claims of the non-accepting class do not receive any  
14 property under the Plan on account of such Claims and interests, except the Debtor  
15 may retain property included in the Estate under Section 1115 of the Bankruptcy Code  
16 as long as the value of property to be distributed under the Plan is not less than the  
17 projected disposable income of the Debtor to be received within the 5-year period  
18 beginning on the date the first payment is due under the Plan, or during the period for  
19 which the Plan provides payments, whichever is longer. This is referred to as the  
20 "Absolute Priority Rule".

21 In this case, each impaired unsecured creditor will receive or retain under the  
22 Plan property of a value equal to the amount of its Allowed Claim. Thus, the Debtor  
23 believes the Plan complies with the fair and equitable requirement for Unsecured  
24 Creditors.

25 //

VII. ALTERNATIVES TO THE PLAN.

If the Plan is not confirmed, several different events could occur. Among the alternatives to the Plan are: (1) the Debtor could propose another plan providing for different treatment of Claims; (2) a creditor or other interested party could propose a competing plan; (3) the Debtor could convert the Case to Chapter 7; or (4) the Bankruptcy Court (after appropriate notice and hearing) could dismiss the Case if no party is able to confirm a plan in a reasonable period of time.

VIII. CONCLUSION.

Under the Plan, all creditors will be paid in full, and the Debtor will retain the Real Property. Other than Hampton Heights, L.L.C., all parties will be paid in full within 24 months of the Effective Date. If the Plan is not confirmed, substantial uncertainty will result concerning the timing and amount of any payments. The Debtor therefore believes that all creditors should vote to accept the Plan as it provides the best option for creditors to prompt payment in full of their Claims.

Dated: February 11, 2013

DEBTOR:

*/s/ Paul Joe*

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Paul Joe

SUSSMAN SHANK LLP

*/s/ Timothy A. Solomon*

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By: Thomas W. Stilley, OSB No. 883167  
Timothy A. Solomon, OSB No. 072573  
Attorneys for Paul Joe

21964-002\IP-DISCLOSURE STATEMENT (00015598);6

**Feasibility analysis**

	Month 1	Months 2-9	Months 9-38	Months 39-60	Months 61-120
<b>Income (from rent)</b>	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00
Estimated cash on hand on effective date (approximate)	\$ 40,000.00				
<b>Payments/expenses</b>					
Living expenses	\$ (2,000.00)	\$ (2,000.00)	\$ (2,000.00)	\$ (2,000.00)	\$ (2,000.00)
Administrative claims*	\$ (40,000.00)	\$ (1,250.00)	\$ -	\$ -	\$ -
Non-tax priority claims (CLASS 1)	\$ (735.00)	\$ -	\$ -	\$ -	\$ -
Restructured note payments (CLASS 2)**	\$ (6,098.38)	\$ (6,098.38)	\$ (6,098.38)	\$ (6,098.38)	\$ (6,098.38)
Payments to general unsecured creditors (CLASS 3)***	\$ (907.34)	\$ (907.34)	\$ (907.34)	\$ (907.34)	\$ -
Car payments (CLASS 6)	\$ (169.02)	\$ (169.02)	\$ (169.02)	\$ -	\$ -
<b>Amount remaining****</b>	\$ 1,465.26	\$ 950.26	\$ 2,200.26	\$ 2,369.28	\$ 3,276.62

**Notes:**

\*Lump sum at effectiveness plus monthly payments thereafter

\*\*\$1,203,583.31, 30 years, plus 4.5% interest, 10 year balloon

\*\*\*\$49,876.73, 60 months, plus 3.5% interest

\*\*\*\*Remaining amount to be used for early payment of claims and/or income tax obligations

1 CERTIFICATE OF SERVICE

2 I, Janine E. Hume declare as follows:

3 I am employed in the county of Multnomah, state of Oregon; I am over the age of  
4 eighteen years and am not a party to this action; my business address is 1000 SW  
5 Broadway, Suite 1400, Portland, Oregon 97205-3089, in said county and state.

6 I certify that on February 11, 2013, I served the *FIRST AMENDED*  
7 *DISCLOSURE STATEMENT CONCERNING DEBTOR'S PLAN OF*  
8 *REORGANIZATION (Dated February 11, 2013)(clean and marked versions)* on all ECF  
9 participants as indicated on the Court's Cm/ECF system and by first class mail on:

10 ODR Bkcy.  
11 955 Center St. NE  
Salem, OR 97301-2555

12 I swear under penalty of perjury that the foregoing is true and correct to the best  
13 of my knowledge, information, and belief.

14 Dated: February 11, 2013.

15  
16 /s/ Janine E. Hume

17 \_\_\_\_\_  
Janine E. Hume, Legal Assistant